

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6196

BILL NUMBER: SB 22

DATE PREPARED: Feb 19, 1999

BILL AMENDED: Feb 18, 1999

SUBJECT: Education Finance

FISCAL ANALYST: Mark Goodpaster

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions:

(A) It provides that the multiplier for the honors diploma award for which school corporations are eligible is \$1,000. (Currently, the multiplier is \$800.)

(B) It removes a provision that allows a school corporation to give the money received by the corporation as an honors diploma award to eligible pupils in the corporation who have successfully completed an academic honors diploma program.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) Provision A: The added costs to the state General Fund would depend upon the number of academic honors diplomas that would be issued. Over the past five years, the number of diplomas that were issued are shown below.

Academic Honors Diplomas

<u>School Year</u>	<u>Number of Diplomas issued</u>
1992-93	5,891
1993-94	6,586
1994-95	7,404
1995-96	8,169
1996-97	9,123

If the number of academic honors diplomas stays constant at the 1997 level, the **additional costs to the state would be \$1.82 million (9,123 x \$200)**. The costs to the state would increase if more honors diplomas are issued in future years. The number of diplomas have been increasing by 11% over the past five years. If the

number of academic honors diplomas increases by an 11% rate, the number of awards could be 11,500 in FY 2000 and 14,100 in FY 2001. If this trend occurs, the additional costs to the state due to passage of this bill could be \$2.5 million in FY 2000 and \$2.8 million in FY 2001.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Provision B: The effects on school corporations will depend on whether the school boards are already issuing the \$800 to the honors graduates. 61 school corporations responded to a recent request for information concerning how they are using the \$800 award in November, 1998. Of these respondents, 45 reported that they are currently retaining the \$800 award while 15 reported that they are giving the money to the graduates. If these percentages reflect all school corporations, then 25% of the school corporation who currently award the grant to the graduates would then be required to retain the \$1,000 award for school funding purposes rather than providing it to the academic honors diploma holders.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: School corporations

Information Sources: Department of Education Data Bases